



Company Engagement Questions:
KnowTheChain Food & Beverage benchmark

Name of company: JBS SA

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Position of respondent: Sustainability Manager

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Note: For companies with vertically integrated supply chains, any reference to 'suppliers' in the following questions includes manufacturing and production sites owned by the company.

Documents

1. Please share links to any policy statements, reports, or other documents that you would like to be taken into account in a review of your company's approach to managing forced labor risks in the supply chain.

Note: You may be aware that the [Corporate Human Rights Benchmark \(CHRB\)](#) is analyzing companies' broader human rights policies and performance. Where the KnowTheChain benchmark indicators are related to [indicators of the CHRB](#), this is indicated under each engagement question.

We welcome that some companies have disclosed information on their human rights policies and practices for the [Corporate Human Rights Benchmark \(CHRB\)](#). Where companies have disclosed information on specific CHRB indicators, as well as any links available from the company website, these will be considered in the KnowTheChain analysis. Third party information and links to third parties' websites will not be considered.

Annual and Sustainability Report:

<http://jbss.infoinvest.com.br/enu/3696/13.06.2016%20RA%20ENG%20JBS%202015%20.pdf>

Manual of Ethical Conduct: <http://jbss.infoinvest.com.br/static/enu/codigos-e-politicas.asp?idioma=enu>

Audit results 2014:

http://www.jbs.com.br/sites/jbs.com.br/files/relatorio_publico_jbs_greenpeace_2015_ingl_es.pdf

Commitment and governance

Awareness and commitment

2. Has your company made a formal commitment (e.g. adopted a policy) to address human trafficking and forced labor? Please include a link to the commitment.

Related to indicator A.1.2 of the CHRB

JBS is member of National Pact for the Eradication of Slave Labor Institute (InPACTO) – This initiative is focused on strengthening efforts to combat slave labor in Brazil. Since 2007 JBS has been a signatory to the National Pact for the Eradication of Slave Labor in Brazil. In 2014 JBS was the first company in the food sector to become a member of the Institute (<http://www.inpacto.org.br/>).

Supply chain standards

3. Does your company have a supply chain standard that requires suppliers to uphold workers' fundamental rights and freedoms, including the elimination of forced labor? Please include a link to the standard, and provide information on how frequently the standard is updated.

Related to indicator A.1.2 of the CHRB

Aspects related to forced, compulsory or child labor are also observed when contracting suppliers. In JBS Beef (Brazil), this issue is covered by the Social and Environmental Monitoring System for Farms supplying raw material. JBS Foods, in turn, guides its relationships on ethical principles that include respect for human and labor rights. Additionally, all of the Company's suppliers commit, by contract, to adhere to and remain in adherence with all fiscal, tax, labor and environmental legislation.

All of the JBS units carried out numerous actions focused on the Company's value chain, based on corporate guidelines.

At the JBS Beef, 100% of suppliers are selected based on sustainability criteria. The Company does not acquire animals from farms involved in the deforestation of native forests, the invasion of indigenous lands or environmental conservation areas, or that are embargoed by the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA). It also will not work with suppliers involved in rural violence or land conflicts, or who utilize slave or child labor.

To guarantee this commitment, since 2010 JBS has a socio-environmental monitoring system of its cattle suppliers that uses satellite images, geo-refereed farm maps, deforestation information from INPE (Brazilian Space Agency), official information from public federal departments of embargoed areas (IBAMA) and of slavery labor practices (MTE).

Annual and Sustainability Report:

<http://jbss.infoinvest.com.br/enu/3696/13.06.2016%20RA%20ENG%20JBS%202015%20.pdf>

Management

4. Who within your company is responsible for the implementation of your company's supply chain policies and standards relevant to human trafficking and forced labor? Please indicate the committee, team or officer, and describe the scope of their responsibility and how they interact with other internal teams, groups or departments

Related to indicator B.1.1 of the CHRB

The Sustainability and Compliance departments are responsible for issuing guidelines and implementing standards to avoid the use of degrading, forced or slave labor in the company's supply chain

Additionally, the presidents of the Company Businesses and the Sustainability Department sit on the Sustainability Committee, which reports to the Board of Directors, providing guidance on JBS's sustainability activities, which include supply chain monitoring to eliminate slave labor,

inclusion of clauses in supplier agreements explaining that slave labor is prohibited, and the Ethical Conduct Manual, which provides employees with guidance on this issue.

Manual of Ethical Conduct: <http://jbss.infoinvest.com.br/static/enu/codigos-e-politicas.asp?idioma=enu>

Annual and Sustainability Report:

<http://jbss.infoinvest.com.br/enu/3696/13.06.2016%20RA%20ENG%20JBS%202015%20.pdf>

Training

5. Does your company conduct training programs for internal decision-makers and suppliers' management teams on risks, policies and standards related to human trafficking and forced labor (this may include training on elements such as passport retention, payment of wages, and vulnerable groups such as migrant workers)? Please describe.

Related to indicator B.1.5 (internal training) and B.1.7 (training of suppliers) of the CHRB

The major risk to exist slave labor is in the beef supply chain, which is why JBS has a raw material procurement policy of not purchasing from suppliers who use slave labor. This policy is known to all buyers, who are given constant training on sustainability criteria.

JBS has developed a monitoring system for the beef supply chain, which provides the company's main raw material and poses the largest social and environmental risks. This system performs daily checks on the 70 thousand farms that supply cattle, verifying a range of sustainability criteria and the use of slave labor. If a supplier is found to be using slave labor, they are flagged on the Company system and blocked from having any type of commercial relationship with the company. In Brazil, 112 supplier farms have been blocked by JBS system after Ministry of Work and Employment (MTE) inspections discovered they were using slave labor.

In the poultry and pork chain, our raw material procurement agreement contains a clause that prohibits suppliers from using slave or child labor. Integrated poultry farms are audited.

The Ethical Conduct Manual includes guidelines describing the ban on slave labor in any company-related activities; the Manual is made available to employees as soon as they are hired.

The Company is also developing online and inhouse training programs on various compliance issues which will be offered to suppliers and employees of every level. The internal procedures for identifying violations of JBS policies are currently being prepared. To be published in 2016, this document will standardize the investigation of reported violations of company policies, with professional training and the formation of a team to implement the corrective measures, including disciplinary measures. This process seeks to ensure that the investigations are done in a structured manner and in accordance with the law, preventing the Company from being penalized for poor or inadequate investigations in the future. In addition, the committee will be responsible for ensuring the consistency and fairness of the measures implemented.

All employees are also formally contracted and supported by current employment legislation in each country where JBS operates.

Manual of Ethical Conduct: <http://jbss.infoinvest.com.br/static/enu/codigos-e-politicas.asp?idioma=enu>

Annual and Sustainability Report:

<http://jbss.infoinvest.com.br/enu/3696/13.06.2016%20RA%20ENG%20JBS%202015%20.pdf>

Stakeholder engagement

6. In the last three years, has your company engaged on human trafficking and forced labor, especially as it relates to the supply chain a) with local stakeholders such as NGOs, trade unions or policy makers or b) in multi-stakeholder initiatives? Please describe with whom your company has engaged, the purpose of the engagement and how it relates to forced labor and human trafficking in the supply chain, and your company's role and level of engagement.

Related to indicator A.1.4 of the CHRB

Yes. JBS is a member of National Pact for the Eradication of Slave Labor Institute (InPACTO) – This initiative is focused on strengthening efforts to combat slave labor in Brazil. Since 2007 JBS has been a signatory to the National Pact for the Eradication of Slave Labor in Brazil. In 2014 JBS was the first company in the food sector to become a member of the Institute.

As part of InPACTO, JBS will be involved in an International Labor Organization project, alongside the Employment Prosecution Service, which already partners with other companies. The Integrated Action Project trains workers rescued from slave labor and reinserts them into the job market.

JBS uses ads in industry magazines and its daily Giro do Boi TV farmers program, to communicate and engage its suppliers with its sustainability criteria, including the ban on degrading or slave labor.

Traceability and risk assessment

Traceability

7. Please describe your company's supply chain tracing processes.

Does your company publicly disclose a) the names and locations of first-tier suppliers, and b) some information on suppliers beyond the first tier? If yes, please provide a URL.

Related to indicator D.1.3 of the CHRB

The main supply chain with high risk of slave labor is the cattle supply chain. Since 2010 JBS is developing a monitoring system to make a risk management and to eliminate slave labor and other environmental issues in your chain.

For beef:

The first process of monitoring system of suppliers refers to the daily systematic checking of the lists published by the Ministry of Labor (list of employers who was caught with slave labor), comparing the information with the full database of the cattle suppliers at JBS Brazil. This step results in blocking suppliers that used slave labor and prevent the Company to purchase the raw material.

The Socio-Environmental Cattle Suppliers Monitoring System of JBS is annually audited, by a third party independent company, in a way to guarantee the fulfillment of the commitments from JBS with Sustainability. With the fulfillment of the criteria, JBS guarantees that all its value chain, including all products and by-products originated from its bovine operation, is sustainable.

The sustainability information of suppliers can be accessed for costumers in all “*in natura*” products from JBS brand. The information can be accessed via smartphones or the internet, in a rather simple manner:

- Using a smartphone, simply scan the QR Code present on the packaging of JBS beef brands.
- On the website <http://www.confiancadesdeorigemjbs.com.br/>, simply provide the production date and the Federal Inspection Service (SIF) number.

This initiative is part of the Trust from the Source program, specifically created to enable customers to quickly, simply and transparently determine the origin of the beef that they are eating.

For pork and poultry:

The Company has a clause in contracts with integrated farmers banning slave labor and JBS carries out audits to certify compliance.

Annual and Sustainability Report:

<http://jbss.infoinvest.com.br/enu/3696/13.06.2016%20RA%20ENG%20JBS%202015%20.pdf>

Risk assessment

8. Please describe your companies’ risk assessment processes. Please include specific examples of when your company has conducted forced labor risk or impact assessments focused on a particular commodity, region or group (e.g. migrant workers in a specific context), as well as the forced labor risks identified through these risk assessment processes (e.g. high risk commodities or high risk sourcing countries).

For examples of commodities where forced labor risks have been identified - such as tomatoes from Italy, rice from India or strawberries from the United States - see Verite (2016) – “[Strengthening protections Against Trafficking in Persons in Federal and Corporate Supply Chains Research on Risk in 43 Commodities Worldwide](#)”.

Related to indicator B.2.1 of the CHRB

The same as responded of question 7.

Purchasing practices

Purchasing practices

9. Does your company make an effort to avoid purchasing practices that increase the risk of human trafficking and forced labor in the supply chain (e.g. short-term contracts, excessive downward pressure on pricing, sudden changes of workload?) Please elaborate.

Related to indicator D.1.2 of the CHRB

The efforts to avoid purchasing practices that increase the risk of forced labor in the supply chain begins in a public policy to raw material purchase.

JBS has a policy of raw material purchase. Do not purchase from suppliers that has:

- slave labor;
- deforestation;
- invasion on Environmental Protected Areas;
- invasion on Indigenous Land;

Beside that the Company has a monitoring system to analyze all suppliers before the purchase. This system check all suppliers in daily systematic checking of the lists published by the Ministry of Labor (list of employers who was caught with slave labor), comparing the information with the

full database of the cattle suppliers at JBS Brazil. This step results in blocking suppliers that used slave labor and prevent the Company to purchase the raw material.

Supplier selection

10. Does your company assess risks of forced labor at potential suppliers prior to entering into contracts with them (this may include aspects such as passport retention and payment of wages)? Please describe.

Related to indicator B.1.7 of the CHRB

JBS has a public commitment to guarantee the responsible sourcing of the cattle used as raw-material, and for this, does not purchase animals coming from farms involved with deforestation, invasion of indigenous lands or conversation units, violence in the field and agricultural conflicts, and the use of slave labor practices.

To guarantee this commitment, since 2010 JBS has a socio-environmental monitoring system of its cattle suppliers that uses satellite images, geo-refereed farm maps, deforestation information from INPE (Brazilian Space Agency), official information from public federal departments of embargoed areas (IBAMA) and of slavery labor practices (MTE).

The monitoring system is composed by two analysis processes that act integrated to each other. The first process refers to the daily systematic checking of the lists published by the IBAMA and by the Ministry of Labor, comparing the information with the full database of the cattle suppliers at JBS Brazil.

The second process consists in a high end technologic system based on geographical information that realizes daily the territorial monitoring of the farms that supply cattle to JBS, located into the states of the Legal Amazon (RR, AP, AC, RO, AM, PA, MA, TO, MT).

The system makes the overcoming of the digital layers of the geo referred maps of the farms that supply cattle with the maps that shows the evolution of the deforestation areas since 2009, published by INPE (Brazilian Space Agency), and also the official maps that shows the indigenous lands and environmental conservation units within the Legal Amazon region.

The purpose of this system is to identify and block the supplying farms that present any non-compliance with the socio-environmental criteria of JBS.

The Socio-Environmental Cattle Suppliers Monitoring System of JBS is annually audited, by a third party independent company, in a way to guarantee the fulfillment of the commitments from JBS with Sustainability. With the fulfillment of the criteria, JBS guarantees that all its value chain, including all products and by-products originated from its bovine operation, is sustainable.

11. How does your company take into consideration the capacity of suppliers to meet fluctuating demands (to reduce the risk of undeclared subcontracting)?

As a commodity, this type of raw material is purchased using the spot system where suppliers offer their output. This means a supplier's output capabilities are not affected by Company demand.

Integration into supplier contracts

12. Does your company integrate its supply chain standards addressing forced labor and human trafficking into supplier contracts?

Related to indicator B.1.4.b of the CHRB

To cattle supplier JBS has a monitoring system to avoid raw material from producers that have used forced work in their activities.

To poultry and pork chain there is a clause in contract that prevents slave labor. Added the clause in contracts, there are audits to check it on the ground.

Cascading standards

13. Does your company have a process to cascade standards on forced labor down the supply chain (e.g. requiring first-tier suppliers to ensure that their own suppliers implement standards that are in line with the company's standards)? Please describe.

Related to indicator A.1.2 of the CHRB

The JBS Company is member of the Global Roundtable for Sustainable Beef (GRSB - <http://www.grsbeef.org/>). A multi-stakeholder global initiative developed to continuously improve the sustainability of the global beef value chain through leadership, science, engagement and collaboration. GRSB works to ensure that all aspects of the beef value chain are environmentally sound, socially responsible and economically viable. JBS is a founding member of GRSB and serves on the Board of Directors and the Executive Committee. Sustainable Livestock Working Group (GTPS) –

Other initiative that JBS is part is the Sustainable Livestock Working Group (GTPS - www.pecuariasustentavel.org.br). It is made up of representatives of different segments that make up the bovine livestock value chain in Brazil. It aims to promote the development of sustainable, socially equitable, environmentally sound and economically viable livestock operations. JBS was part of the Board and participates in the “Development of the Sustainable Livestock Guide” and “Economic and Financial Incentives” committees.

And other initiatives that JBS is part as the U.S. Roundtable for Sustainable Beef (USRSB), the Canadian Roundtable for Sustainable Beef (CRSB), the Leather Working Group (LWG) and the Field to Market. All of these organizations are working to improve the supply chain.

In addition to its active participation in the above initiatives, the Company uses communication strategies to disclose its sustainability commitments throughout the supply chain, using the “Giro do Boi” TV farmers program, which is broadcast daily on the Rural Channel, in addition to ads placed in specialist magazines.

Annual and Sustainability Report:

<http://jbss.infoinvest.com.br/enu/3696/13.06.2016%20RA%20ENG%20JBS%202015%20.pdf>

Recruitment

Recruitment approach

14. Please describe your company's recruitment approach, including a) whether your company requires recruitment agencies in its supply chain to uphold workers' rights (this may include aspects such as written contracts, access to passports, and regular payment of wages), b) whether it has a policy on direct employment (i.e. a policy prohibiting suppliers in its supply chain from using recruitment agencies), and c) whether it requires suppliers to disclose to the company the recruiters that they use.

Related to indicator D.1.5.b of the CHRB

It doesn't apply to JBS because all recruitment is made by JBS's Human Resources department and all employees are under protection of labor legislation prevailing in each country.

Recruitment fees

15. Please describe your company's approach to recruitment fees in the supply chain, including whether your company requires that no fees be charged to supply chain workers during recruitment processes, and whether and how your company ensures that fees paid by workers are reimbursed.

Related to indicator D.1.5.b of the CHRB

It doesn't apply to JBS.

Recruitment audits:

16. Does your company audit recruiters used in its supply chain, to assess risks of forced labor and human trafficking, and/or require suppliers to audit their recruiters?

For further information, see Verité – [Fair Hiring Toolkit. Conducting Interviews with Labor Recruiters.](#)

It doesn't apply to JBS.

Worker voice

Communication of policies to workers

17. Please describe how your company communicates its human trafficking and forced labor related policies and standards to workers in its supply chain, and whether your company makes its policies and standards available in the languages of suppliers' workers (including migrant workers).

Related to indicator B.1.4.b of the CHRB

Employee representatives are responsible for transmitting current employment legislation. JBS also announces agreements between the company and employee representatives using in-house communication channels (email marketing and printed material on factory walls) in local languages.

The Ethical Conduct Manual is another communication channel used to address this issue. All company communication materials are written in local languages.

Manual of Ethical Conduct: <http://jbs.infoinvest.com.br/static/enu/codigos-e-politicas.asp?idioma=enu>

Worker voice

18. Please describe how your company engages with workers in its supply chain on labor related issues and rights outside of the context of the factories/farms in which they work? (whether directly or in partnership with stakeholders).

[Example available here](#)

Related to indicator B.1.8 of the CHRB

The same as responded of question 17.

Worker empowerment

19. Please explain how your company encourages its suppliers to ensure workplace environments where workers are able to organize, including through alternative forms of organizing, where there are regulatory constraints on freedom of association.

For additional information on worker empowerment, see context in “[Responding to Challenges of Freedom of Association](#)” chapter of [Ethical Trading Initiative’s practical guide on “Freedom of Association in Company Supply Chains”](#), and related company example on page 35

Related to indicator D.1.6.b of the CHRB

The same as responded of question 17.

Grievance mechanism

20. Please describe your company's grievance mechanism, and clearly indicate whether it is available to workers in the supply chain, and how it is communicated to workers in the supply chain. Please also note whether you require your suppliers to establish a grievance mechanism, and to convey the same expectation to their suppliers.

Related to indicator C.1 and C.5 of the CHRB

JBS has an Ombudsman to whom JBS stakeholders can send suggestions, praise, opportunities for improvement and complaints. The service, which was previously available by phone (0800-770-4100) and email (ouvidoria@jbs.com.br), also began offering an online option in 2015. The JBS Ombudsman's website (ouvidoria.jbs.com.br) can be accessed via smartphone, tablet or computer. The platform, as well as the previously existing channels, continue to operate in a confidential and secure manner. The JBS Ombudsman has existed for over five years and is another means of practicing some of the Company's values, such as Ownership, Determination and sincerity.

JBS seeks to establish channels for dialogue with suppliers, building strong and transparent relationships that allow it to anticipate market trends, improve the quality of its products and processes and fulfill the demands of consumers.

Monitoring

Auditing process

21. Please describe your company's supplier auditing process including whether the process includes a) scheduled and non-scheduled visits, b) a review of relevant documents (documents may include wage slips, information on labor recruiters, contracts, etc.)¹, and c) interviews with workers.

For further details on document reviews see Verite – [Fair Hiring Toolkit. Conducting a Review of Documentation](#).

Related to indicator B.1.6 of the CHRB

The Socio-Environmental Cattle Suppliers Monitoring System of JBS is annually audited, by a third party independent company, in a way to guarantee the fulfillment of the commitments from JBS with Sustainability. With the fulfillment of the criteria, JBS guarantees that all its value chain, including all products and by-products originated from its bovine operation, is sustainable.

Audit disclosure

22. Does your company disclose
a) the percentage of suppliers audited annually
b) the percentage of unannounced audits

- c) information on who carried out the audits (this may include further information on the expertise of auditors such as relevant certifications, in cases where third-party audits are used, the names of the auditors, and in cases where internal auditors are used, details on department/team/group within which the auditor(s) sits), and
- d) a summary of findings, including details of any violations revealed?

Please provide a URL with the relevant information.

Related to indicator B.1.6 of the CHRB

All livestock purchases and the Company's own environmental monitoring system are independently audited on an annual basis to ensure compliance with JBS's commitments to sustainability. The audit reports are published on the Company's website (http://www.jbs.com.br/sites/jbs.com.br/files/relatorio_publico_jbs_greenpeace_2015_inql.es.pdf).

As of December 31, 2015, there were approximately 67,000 farms registered in the Company's commercial system in Brazil. As a result of analysis of the Environmental Monitoring System, 2,299 were blocked, as follows:

- 1,666 for deforestation of native forests (from October 2009) and/or the invasion of indigenous lands or environmental conservation units;
- 521 for inclusion in the IBAMA Embargoed Areas List; and
- 112 for appearing in the list of workers involved in labor analogous to slavery.

Audit results 2014:

http://www.jbs.com.br/sites/jbs.com.br/files/relatorio_publico_jbs_greenpeace_2015_inql.es.pdf

Annual and Sustainability Report:

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Remedy

Corrective action plans

23. Does your company have a process for creating corrective action plans when violations are discovered through an auditing process? Please describe this process and the elements of a corrective action plan.

Related to indicator B.1.6 of the CHRB

When a supplier is flagged on the slave labor list, JBS blocks them. This prohibits any type of commercial relationship with the supplier and bars the company from purchasing raw materials from suppliers who have used slave labor.

In recent years, our audits have not detected any irregular purchases from suppliers found using slave labor.

Remedy

24. Does your company have a process to provide remedy to workers in its supply chain in cases where violations are discovered, including for responding to instances of forced labor and human trafficking? If yes, please provide examples of outcomes.

Related to indicator C.7 of the CHRB

JBS is starting a joint effort with the Employment Public Prosecutor as part of the Integrated Action project in Mato Gross, Brazil, which is being coordinated by the International Labor Organization (ILO).

The project trains workers rescued from slave labor situations and reinserts them into the formal job market.
